

## Pricing on Consumer Purchasing Decisions at Coffee Shop in East Jakarta

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Tanjung Prasetyo\*<sup>1</sup>, Muhamad Ramadhani<sup>2</sup>, Muhamad Ardan<sup>3</sup>

*Fakultas Ekonomi dan Bisnis, Universitas Sahid Jakarta, Jakarta, Indonesia*

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Received: 22<sup>th</sup> July 2023, Revised: 17<sup>th</sup> November 2023, Accepted: 27<sup>th</sup> Desember 2023

Available online: 28<sup>th</sup> December 2023, Published regularly: December 2023

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### Abstract

The purpose of this study was to analyze the effect of pricing on purchasing decisions at the East Jakarta Bro and Brew coffee shop. Quantitative descriptive is the method used in this research. The population is 6,800 consumers at the Bro and Brew coffee shop and 100 consumers are respondents who use the Slovin formula. The questionnaire as a container for obtaining primary data for this study used a Likeart scale using the SPSS version 26 program, namely the reliability test of the model with the Cronbach Alpha formula, a simple linear regression data analysis technique. The results of testing the hypothesis obtained a positive slope value of 3.461, which means that there is a significant influence between price on consumer purchasing decisions with an influence level of 80%, it can be said that the price hypothesis test influences consumer decisions ( $H_0$  is rejected) at the Bro and Brew coffee shop, East Jakarta.

**Keywords:** Pricing, Costumer Purchasing Decisions, Coffee Shop

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\*) Corresponding Author

Email: [tanjung\\_prasetyo@usahid.ac.id](mailto:tanjung_prasetyo@usahid.ac.id) (Tanjung Prasetyo)

## **Abstrak**

Tujuan dari penelitian ini adalah untuk menganalisis pengaruh penetapan harga terhadap keputusan pembelian pada coffee shop Bro and Brew Jakarta Timur. Deskriptif kuantitatif adalah metode yang digunakan dalam penelitian ini. Populasinya adalah 6.800 konsumen di coffee shop Bro and Brew dan 100 konsumen adalah responden yang menggunakan rumus Slovin. Kuesioner sebagai wadah untuk memperoleh data primer penelitian ini menggunakan skala Likeart menggunakan program SPSS versi 26 yaitu uji reliabilitas model dengan rumus Alpha Cronbach, teknik analisis data regresi linier sederhana. Hasil pengujian hipotesis diperoleh nilai berslope positif sebesar 3,461 yang artinya terdapat pengaruh yang signifikan antara harga terhadap keputusan pembelian konsumen dengan tingkat pengaruh sebesar 80% dapat dikatakan uji hipotesis harga berpengaruh terhadap keputusan konsumen ( $H_0$  ditolak) pada coffee shop Bro and Brew, Jakarta Timur.

**Kata Kunci:** Penetapan Harga, Keputusan Pembelian Konsumen, Coffee Shop.

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## **INTRODUCTION**

One of the most popular drinks that are in great demand by the people of Indonesia is coffee. It is proven that Indonesia occupies the 5th position of the largest coffee consumption in the world according to International Coffee Organization (ICO) data. Coffee drinks themselves are increasingly sold reaching 1,500 coffee shops in South Jakarta. Behind the large demand for coffee drinks, the pricing factor is one of the important points in influencing consumer purchasing decisions. Price can determine whether consumers will choose to visit Bro and Brew coffee shops or look for other coffee shops that are more affordable.

Lately, coffee shops have become one of the F&B businesses that have great potential. Coffee shops are favored by the majority of young people aged 20-29 years. Coffee shop offers comfortable

facilities and infrastructure for many activities such as working, studying, hanging out and a place to relax to spend time, not only offering comfortable and clean facilities but also offering The price is worthit. Bro and Brew coffee shop is located at Jl. Bambu Apus Raya No. 21, RT.3/RW.3, Bambu Apus, Cipayung District, East Jakarta City. Coffee shop Bro and Brew does many ways to increase sales, one of which is by setting the right price on the food and beverage menu provided. With the right price setting will definitely influence customers in making purchasing decisions at Bro and Brew coffee shop.

The activities of individuals who are directly involved in making decisions to make purchases of products offered by sellers constitute purchasing decisions. Purchase decisions are influenced by personality traits, age, occupation, and economic circumstances (Prameswari, 2023).

Customer behavior will be decisive in the decision-making process on the product offered by the seller is a purchase decision. Purchase decisions are influenced by personality traits, age, occupation, and economic circumstances (Prameswari, 2023). Customer behavior will be decisive in the decision-making process purchase.

Therefore, pricing will be one of the factors that can influence the purchase decision. Price itself is a marketing element that can determine a company's revenue. Optimal demand comes from determining the right price from consumers and business partners. Pricing is one of the key factors for companies to achieve profits is a conclusion drawn. Based on the explanation above, that pricing of a product is an important factor in consumer decision making, so we want to conduct a study entitled "Pricing Analysis of Consumer Purchasing Decisions".

The background is the basis for the explanation of the research problem, then formulated on the problem, namely how to price, purchase decisions, whether there is an influence on pricing on purchasing decisions at Bro and Brew coffee shop, East Jakarta.

The purpose of this research is to determine pricing, find out purchasing decisions, find out the influence of pricing on consumer purchasing decisions at Bro & Brew coffee shop, East Jakarta.

## **THEORETICAL FRAMEWORK**

### **Price**

Price is one aspect of differentiating one seller from another. Therefore, pricing becomes part of the differentiation function of a product offered. Here are some definitions of price according to Philip Kotler, Gary Armstrong, Kotler, and Keller (2008-2009):

1. The amount of money billed and the sum of all values given to a product or service by consumers to benefit from using a product or service is a price.
2. One of the marketing mixes where it does not determine income and profits alone but is a way for sellers to communicate the proportion of product value to consumers.

Based on the above understanding, it can be concluded that the price is the amount of money that must be paid by consumers for a product that is exchanged for the economic value of the product.

### **Pricing**

There are three pricing strategies according to Kotler and Armstrong (2018: 309-317), including the following.

### **Value-Based Pricing**

Value-based pricing uses the buyer's perception of the value contained in the product as a reference in setting prices. The seller cannot create the

product and then set the price at this price, because before the marketing program is set, the price is calculated along with other marketing mixes. There are two types of this pricing, namely:

1. Good-value pricing: This strategy offers a good combination of quality and service at a reasonable price.
2. Value-added pricing, this strategy adds advantages in a product both in terms of quality and service to differentiate their offerings from competitors and support relatively higher pricing.

### **Cost-Based Pricing**

Involving cost-based pricing of products, distribution, and sales along with appropriate returns for each of them establishes a cost-based pricing strategy.

### **Internal and External Factors Affect Pricing**

The influence on price is caused by internal business factors, namely promotion strategies, goals, and promotion mix, as well as other organizational considerations. While natural market and demand conditions, strategies and prices offered by competitors and environmental factors are external factors.

### **Purchase Result**

The purchase decision is important for the wheels of the business, in this case is the Bro and Brew coffee shop. The decision process for consumers goes through five stages, namely problem orientation, information disbursement, evaluation of alternatives, purchase decisions and post-purchase behavior.

### **Research Framework**

It is necessary to understand this research framework where pricing is an important factor in consumer purchasing decisions. This means that the price of a product or service can influence consumer buying behavior, either directly or indirectly. Thus, this frame of mind will explore how pricing influences consumer purchasing decisions.

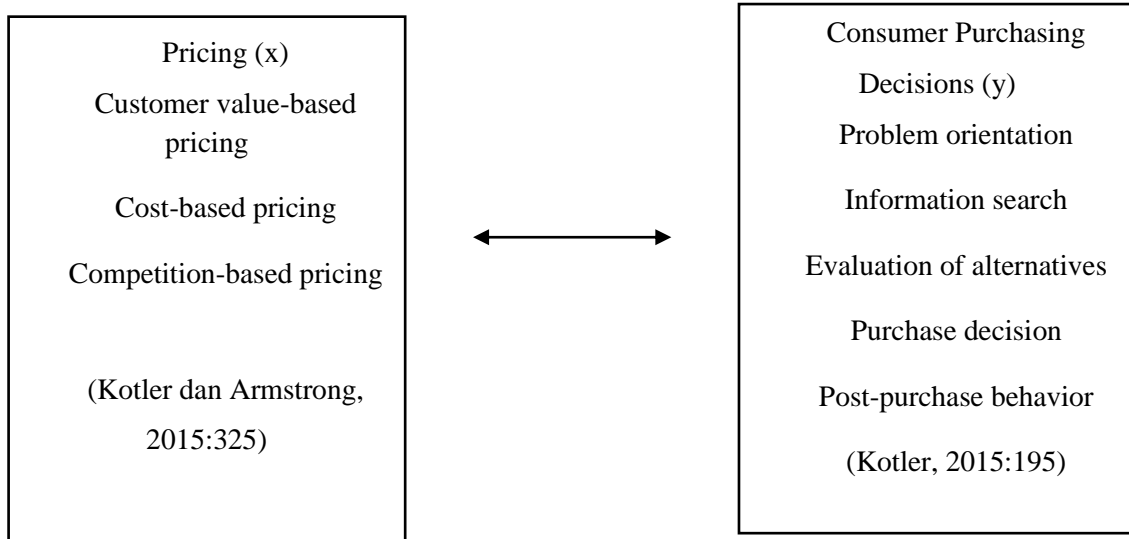
### **RESEARCH METHOD**

Explanatory research is a research strategy, where the position of the variables studied intends to explain the influence between the relationship of one variable with another variable. Descriptive quantitative becomes the research method used. Positive philosophy is the foundation of this research which is used to examine populations and samples, data collection, data analysis both quantitative and statistical with hypothesis tests that have been set as goals. The approach uses descriptive research. Based on Sugiyono's words (2020: 64), the research under study was carried out

so that the understanding of the existence of a single variable, should only be a single variabel so as not to make the difference between these

variables and knowing the attachment to other variables.

**Tabel 1. Research Framework**



**Tabel 2. Population and Sample**

Month	Number of Consumers
August 2022	400
September 2022	420
October 2022	500
November 2022	400
December 2022	880
January 2023	730
February 2023	570
March 2023	500
April 2023	580
May 2023	620
June 2023	700
July 2023	500
Total	6.800
Average per Month	566,67

## Population and Sample

Population is a generalized area consisting of objects or subjects with a certain number and characteristics that have been determined and then conclusions are drawn. The determination of the number of samples refers to Sugiyono's opinion (2019: 126). Karasteristic or the number of a population is the definition of research according to Sugiyono (2019: 127). Sampling technique where coffee shop respondents are taken from some of their consumers. Then, to determine the sample size using the Slovin formula, the formula is as follows:

$$n = \frac{N}{1 + Ne^2}$$

Information :

N : Number of samples

N : Number of population

e : eror (The maximum tolerable error limit is 10% for large population)

From this formula, the calculation of the number of samples in this study is:

$$n = \frac{6.800}{1 + 6.800(0,1)^2}$$

$$n = \frac{6.800}{1 + 6.800(0,1)^2}$$

$$n = \frac{6.800}{69}$$

$n = 98,55$  rounding to 100 respondents

## Data Retrieval Techniques

Questionnaires and interviews became data collection techniques in this study. In this study, questionnaires were submitted to consumers of Bro and Brew coffee shop, East Jakarta. Seeking information through interviews is used by exchanging information to present the problem under study.

The Likert measurement scale was used in this study, where this scale measures the attitudes of people and groups, opinions and perceptions of social phenomena (Sugiyono, 2011). Likert measurement scale uses five assessment categories, namely:

1. Strongly Disagree (STS) : Skor 1 (satu)
2. Disagree (TS) : Skor 2 (dua)
3. Netral (N) : Skor 3 (tiga)
4. Agree (S) : Skor 4 (empat)
5. Totally Agree (SS) : Skor 5 (lima)

## Validity Test

Validity test is a test to prove how influential the measuring instrument is for what is measured. Ghozali (2009) said that validity testing is used to find out how valid and valid a collection of questions is.

$$r_{xy} = \frac{N\sum xy - (\sum x)(\sum y)}{\sqrt{(N\sum x^2 - (\sum x)^2)(N\sum y^2 - (\sum y)^2)}} \quad (1)$$

Information :

$r_{xy}$ : Correlation coefficient between x and y variables

$\sum xy$ : Total multiplication between variable x and y

$\sum x^2$  : Total sum of squares of x values

$\sum y^2$  : Total sum of squares of y values

$(\sum x)^2$  : Total number of x values squared

$(\sum y)^2$  : The sum of all y values squared

### Reliability Test

Reliability is the consistency of measurements (Walizer, 1987). A survey can be considered trustworthy if the responses to statements are consistent over time. The level of stability, consistency, predictability, and accuracy is a reference to the reliability of the test. Cronbach's Alpha formula is an instrument in reliability testing, because this research instrument is in the form of questionnaires and stratified scales. The formula is as follows:

$$r_{11} = \left(\frac{n}{n-1}\right) \left(1 - \frac{\sum \sigma_t^2}{a_t^2}\right) \quad (2)$$

Information :

$r_{11}$  : Reliability sought

N : Number of question items tested

$\sum \sigma_t^2$  : Number of score variants per item

$a_t^2$  : Variance total

Indicates sufficient reliability when Alpha > 0.7, while indicates that all items are reliable and all

tests are consistently very reliable when Alpha > 0.80. Or there is also the following: the reliability is perfect if the alpha > 0.90,. If the alpha is between 0.70 and 0.90, the reliability is high. An alpha between 0.50 and 0.70 indicates moderate reliability. If the alpha < 0.50 then reliability is low. If the alpha is low, it is likely that one or more items are unreliable.

### Simple Regression Analysis

An analysis that explains the effect and magnitude of the effect of one or more independent variables on one dependent variable is a regression analysis. Because it contains many independent variables more than one, multiple linear analysis is used, functional or causal relationships being the basis of simple regression analysis.

## RESULT, DISCUSSION, AND MANAGERIAL IMPLICATION

### Validity Test

Validity test results using SPSS program version 26 against variable x "Pricing" through five statements, obtained the following results:

If the pearson correlation value is greater than r table, it is declared valid according to Ghazali (2013). Based on the table above, it shows that the five question items from the x-variable test, namely "pricing", are valid. Therefore, these statements have been and are in accordance with research.

The results of the validity test using the SPSS program version 26 on variable y "consumer

purchase decision" through five statements, obtained the following results:

Table 4.1.2 shows that the five question items from the "consumer purchase decision" variable test are valid. Therefore, these statements have been and are in accordance with research.

**Reliability Test**

The results of the reliability test using the SPSS program version 26 on variable x "pricing" and variable y "consumer purchase decision" through 10 statements, obtained the following results:

Reliability test using Cronbach's Alpha method against variable x "pricing". If the reliability coefficient is greater than 0.6 it can be said to be reliable. From table 4.2 above, Cronbach's Alpha value of 0.934 > 0.6 means that statements can be

categorized as reliable and consistent in scoring on the questionnaire.

Reliability test using Cronbach's Alpha method against variable y "consumer purchase decision". If the reliability coefficient is greater than 0.6, it can be said to be reliable. From table 4.2 above, Cronbach's Alpha value of 0.886 > 0.6 means that it can be categorized as reliable and consistent in the assessment on the questionnaire.

**Descriptive Analysis**

100 Respondents received a determination analysis question where several things What is analyzed includes three dimensions of pricing, namely customer value-based pricing, pricing Cost-based, and competition-based pricing as follows:

**Table 4.1 Pricing Validity Test (x)**

Indicator	r count	r table	Information
How many times have you bought a product at Bro & Brew coffee shop	0,928	0,805	Valid
The price of products offered at Bro & Brew coffee shop is in accordance with your expectations	0,939	0,805	Valid
The price of products offered at Bro & Brew coffee shop according to your income	0,947	0,805	Valid
You consider the price offered before purchasing the product at the coffee shop Bro & Brew	0,923	0,805	Valid
The price of the menu of products offered at coffee shop Bro & Brew competes with other coffee shops	0,915	0,805	Valid



**Table 4.2 Purchase Decision Validity Test (y)**

Indicator	r count	r table	Information
Before you visit Bro & Brew coffee shop, compare with other coffee shops	0,897	0,805	Valid
Your decision to visit Bro & Brew coffee shop is due to someone else's referral	0,888	0,805	Valid
You feel satisfied after visiting Bro & Brew coffee shop	0,894	0,805	Valid
You will recommend to others and revisit Bro & Brew coffee shop	0,866	0,805	Valid
Your decision to visit Bro & Brew coffee shop is out of personal desire	0,873	0,805	Valid

**Table 4.2 Reliability Tests**

Variable	Alpha Cronbach	Total Item	Information
Pricing (x)	0,934	5	Reliable
Consumer Purchasing Decisions (y)	0,886	5	Reliable

**Table 4.3.1 Descriptive Analysis of Pricing (x)**

Indicator	N	Min	Max	Mean
How many times have you bought a product at Bro & Brew coffee shop	100	1	5	4,07
The price of products offered at Bro & Brew coffee shop is in accordance with your expectations	100	1	5	4,18
The price of products offered at Bro & Brew coffee shop according to your income	100	1	5	4,22
You consider the price offered before purchasing the product at the coffee shop Bro & Brew	100	1	5	4,21
The price of the menu of products offered at coffee shop Bro & Brew competes with other coffee shops	100	1	5	4,33

Table 4.3.1 shows that the data on the processing of variable x "pricing" with the average value (mean) of the highest indicator of 4.33 in the fifth statement item, namely, "the price of the product menu offered by Bro and Brew coffee shop competes with other coffee shops". From the

results of the descriptive analysis, it can be explained that the products offered by Bro and Brew coffee shops compete with other coffee shops because they use high-quality raw materials with menu prices that can be said to be cheap, so that the

taste and prices offered are in accordance with consumer income.

The average value (mean) of the lowest indicator amounted to 4.07 in the first statement item, namely, "how many times have you bought products at Bro and Brew coffee shop". In this case, it can be explained that consumers rarely buy products at Bro and Brew coffee shops, because operational opening hours are too late in the afternoon, resulting in consumers preferring coffee shops with earlier operating hours. The dimensions of purchasing decisions, namely problem orientation, information search, alternative evaluation, alternative evaluation, and post-purchase behavior are some of the things analyzed:

Table 4.3.2 shows the data on the processing of variable y "consumer purchase decision" with the average value (mean) of the highest indicator of 4.53 in the first statement item, namely, "Before you visit Bro and Brew coffee shop compare with other coffee shops". The results above conclude that before consumers visit the Bro and Brew coffee shop, compare with other coffee shops by looking at and considering the prices offered before finally deciding to buy at the Bro and Brew coffee shop.

The average value (mean) of the lowest indicator amounted to 4.16 in the third statement item, namely, "you feel satisfied after visiting Bro and Brew coffee shop". In this case, it means that consumers are less satisfied after visiting the Bro and Brew coffee shop due to the lack of food and

beverage variations on the Bro and Brew coffee shop menu.

## **SIMPLE LINEAR REGRESSION ANALYSIS**

### **Coefficient of Determination**

A strong and unidirectional relationship (positive slope) between pricing and consumer purchasing decisions is shown in table 4.4.1 the magnitude of the influence of pricing on consumer purchasing decisions (coefficient of determination) is 0.800 expressed by R square.

Thus, the magnitude of the influence of pricing on consumer purchasing decisions is 80%, while the residual value of 20% (100% - 80%) is influenced by other variables that were not studied in this study.

### **Regression Coefficient**

Table 4.4.2 can be analyzed if pricing in the absence of a consumer purchase decision ( $x = 0$ ), then the consumer purchase decision is calculated at -499,000. If the value of pricing increases, it is calculated that consumer purchasing decisions will also increase. Example if ( $x = 10$ ) Then the value (value)  $y = -499,000 + 3,633 (10)$ , obtained value (value)  $y = -462,670$  so that if the price increases then consumer purchasing decisions can continue to increase. From table 4.4.2, a summary of the results of data processing can be made as follows:

**Table 4.3.2 Descriptive Analysis of Consumer Purchasing Decisions (y)**

Indicator	N	Min	Max	Mean
Before you visit Bro & Brew coffee shop, compare with other coffee shops	100	2	5	4,53
Your decision to visit Bro & Brew coffee shop is due to someone else's reference	100	3	5	4,27
You feel satisfied after visiting Bro & Brew coffee shop	100	2	5	4,16
You will recommend to others and revisit Bro & Brew coffee shop	100	2	5	4,31
Your decision to visit Bro & Brew coffee shop is out of personal desire	100	3	5	4,44

**Table 4.4.1 Coefficient Determination**

R	R Square
0,894	0,800

**Table 4.4.2 Regression Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-499,000	264,535		-1,886	0,156
Pricing (x)	3,633	1,050	0,894	3,461	0,041

**Table 4.4.3 Regression Equations**

Variable Relationships	Correlation	Influence	Regression Equation	Significance Test
x → y	0,894 (Strong)	0,800 80%	y = -499.000 + 3.633x	Significance

## **Hypothesis Test**

Based on the criteria of hypothesis testing,  $t$  count  $>$   $t$  table where  $t$  count is 3.461 and  $t$  table is 2.353. This means that  $H_0$  is rejected and  $H_a$  is accepted, it can be said that price fixing ( $x$ ) has a significant effect on consumer purchasing decisions ( $y$ ) at Bro & Brew coffee shop, East Jakarta.

## **CONCLUSION**

Based on the results of the analysis and discussion that has been described about "The Effect of Pricing on Purchasing Decisions at Bro & Brew Coffee Shop, East Jakarta" as follows:

1. Overall pricing is influenced by two factors, this can be seen from the highest value of 4.33 in variable  $x$  (pricing) contained in the dimension of "competition-based pricing" which means that the price of the product menu offered by Bro and Brew coffee shops competes with other coffee shops, because it uses high-quality raw materials with menu prices that can be said to be cheap, So that the taste and price offered are in accordance with consumer income indicated by the pricing. The lowest value of 4.07 is found in the dimension of "customer value-based pricing" which means consumers rarely buy products at Bro and Brew coffee shops, because operating hours are too late in the afternoon, resulting in consumers preferring coffee shops with earlier operating hours.
2. Consumer purchasing decisions as a whole are influenced by two factors, this can be seen from

the highest value of 4.53 on the variable  $y$  (consumer purchase decision) on the dimension of "evaluation of alternative" which means before consumers visit Bro and Brew coffee shops compare with other coffee shops by looking and considering the prices offered before finally deciding to buy at Bro and Brew coffee shops which are shown in a timely manner. overall by the influence of such factors. The lowest value of 4.16 is found in the dimension of "post-purchase behavior" which means consumers are less satisfied after visiting Bro and Brew coffee shops due to the lack of food and beverage variations on the Bro & Brew coffee shop menu.

3. The results of data processing show that there is a strong relationship between variables  $x$  and  $y$  by 0.894, there is an influence between variables  $x$  and  $y$  by 80% which means consumer purchasing decisions are influenced by pricing. From the results of the hypothesis test,  $t_{tabel}$  obtained 2,353. and  $t_{hitung}$  3,461, where  $t_{hitung} > t_{tabel}$ , this proves that there is a significant and strong influence between pricing ( $x$ ) and purchasing decisions ( $y$ ) at Bro and Brew coffee shop, East Jakarta.

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